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THE OUTLOOK FOR PEANUTS IN 1956-57

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at the 34th Annual Agricultural Outlook Conference
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The supply of peanuts in 1956-57 will be about 5 percent above last year and substantially larger than required for food and farm uses. Production is estimated at 1,489 million pounds, 5 percent less than the previous year, but stocks of peanuts on September 1, 1956, the beginning of the current marketing year, were the largest of record at 362 million pounds. Output is indicated to be 31 percent greater than last year in the Virginia-Carolina area and 4 percent in the Southeast, but down about 62 percent in the drough-plagued Southwest. The Virginia-Carolina crop, however, may be reduced by the wet weather which delayed digging part of the crop for several weeks and damaged peanuts which had been dug and stacked.

The acreage to be picked and threshed is estimated at 1,509,000, about 11 percent below 1955. Estimated yield per acre for the United States is 986 pounds, up 61 pounds or almost 7 percent from 1955. In the Virginia-Carolina area, yield per acre is estimated at 1,589 pounds, 26 percent above last year. In the Southeast, estimated yield per acre is 1,042 pounds, 10 percent above the previous year. In the Southwestern area, yields per acre are forecast at 369 pounds, about 48 percent less than in 1955. In this area, the prolonged drouth has not only reduced yields but has resulted in substantial abandonment.

The national average support price for 1956 crop peanuts is 11.4 cents per pound. The support level is equal to 86 percent of transitional parity as of the beginning of the crop year. Peanuts were supported at 90 percent of parity from 1941 through 1955, except for 1951 when support was at 88 percent. The average support price by types, per pound of 1956 crop quota peanuts is: Virginia type, 12.1 cents; Runner type, 10.6 cents; Southeastern Spanish type, 11.5 cents; and Southwestern Spanish type, 11.2 cents. Loans on 1956 crop peanuts will be available to individual producers and to grower associations from the time of harvest through January 31, 1957, and will mature May 31, 1957, or earlier on demand by CCC.

Season average prices to farmers for Southeast Spanish and Runners have been near the CCC loan value. The drouth-stricken Southwest Spanish crop moved at prices substantially above support. Virginia-Carolina peanuts have just started to move in volume and prices are near support. The loan value is the support price less about half a cent for charges for storage, inspection, grading and expenses of cooperatively marketing the peanuts. As of the end of October, farmers had placed about 235 million pounds of 1956 crop peanuts under loan--all in the Southeast. Last year CCC acquired about 270 million pounds or 17 percent of the 1955 peanut crop under the price support program. Practically all of this was Spanish and Runner type peanuts. CCC has sold for crushing or export approximately 215 million pounds. The Corporation is likely to acquire part of the 1956 crop because of potential supply in excess of domestic requirements.

Civilian consumption of peanuts, farmers' stock basis, in recent years has remained relatively stable at about 6.5 pounds per person. In 1954-55, per capita consumption fell about half a pound because of reduced supplies and higher prices. In 1955-56, the shortage and relatively high prices of the Virginia type peanut held consumption to about 6.0 pounds per person. However, because of the unusually high outturn of shelled peanuts from farmer stock in 1955-56, this obscures the fact that per capita consumption of shelled peanuts was higher than in 1954-55. With large supplies available and prices lower, consumption in 1956-57 is likely to return to about 6.5 pounds per person. Of the normal consumption of 6.5 pounds, about 5.5 pounds are usually consumed in the form of peanut butter, salted peanuts and in candy. The other pound is almost equally divided between roasted peanuts and those consumed as food on farms. With food use about 1,100 million pounds and normal commercial crush of oilstock peanuts, and farm use about the same as in recent years, the 1956 crop peanuts will exceed requirements for the year by about 180-200 million pounds. As most of the excess peanuts will be acquired by CCC under the support program, the quantity crushed and exported will to a large extent depend on Government policy.

PROSPECTS FOR 1957-58

Although the 1957-58 price support program has not been announced as yet, production probably will be large enough to keep prices around support. Present legislation provides that the parity level for 1957 crop peanuts will be equal to 95 percent of the old parity, the same as in 1956.

Another factor in determining the support level for the 1957 crop is the relationship between the estimated supply and the "normal" supply for that marketing year. For example, if the estimated supply (carryover stocks, production and imports) is expected to be not more than 108 percent of the normal supply, support would be at 90 percent of parity. If the supply percentage is more than 130 then support would be at no less than the minimum of 75 percent. Normal supply is defined by legislation as the estimated domestic consumption and expected exports plus a carryover equal to 15 percent of the two.

A marketing quota of 725,305 tons (1,450 million pounds) of 1957 crop peanuts and a national allotment of 1,610,000 acres for picking and threshing was announced on November 9, 1956. This is the minimum marketing quota and acreage allotment permitted under existing legislation. Last year the quota was 750,000 tons (1,500 million pounds) and the allotment was 1,650,000 acres, which included the type increase for Virginia and Valencia. The yield used in making 1957 determinations was slightly higher than that used in making 1956 determinations.

Peanut producers will vote on December 11, 1956, in a referendum on marketing quotas for the 1957, 1958, and 1959 crops. Quotas have been in effect since 1949. A two-thirds favorable vote in a referendum is required in order to continue quotas in effect. Existing legislation provides that if quotas are in effect, the price of peanuts will be supported at some level between 75 and 90 percent of parity. If quotas are rejected, support will be at 50 percent of parity to cooperators.